

Arizona Set Aside Procurement Program
Committee Meeting Minutes

January 29, 2008

Attendance:

Members Present:

John Red Horse, Chair Pro Tem
Armando Bernasconi, Quality Connections
Bill Branson, ACI

Jordann Carrillo, DES
Karen Ingram, ADOC
Steven King, Beacon Group

Richard Monaco, DES
Rebecca O'Brien, DHS
Kevin Webster, TCH

Members Absent:

Jean Clark, Chair

Others in Attendance:

Jan Hart, SPO
Stacy Ingalls, SPO
Lisa Weber, State Land

Paul Wilson, Goodwill
Blake Boardman, Quality Connections
Rick Madrid, Yuma WORC

Bev Hermon, AAPPD
Fred Segal, Gompers
D Williams

Minutes:

I. **Call to order.** John Red Horse, Chair Pro Tem, called the meeting to order at 1:35 P.M.

II. **Roll call.**

III. **Announcements.**

1. Welcome to committee members. Members introduced themselves.
2. Update on Sunset Provision: Mr. Branson had request to investigate how state is doing on the 1% spending. Jean Clark said she would pull the legislation to try to determine what the baseline is for the 1%. SPO is still in the process of doing that. If the 1% is based on the total expenditures by state agencies, the Set Aside spend for state agencies for fiscal year 2008 for the first two quarters shows a 16% increase over fiscal year 2007, which totaled \$89,258,359.

Richard Monaco questioned what vendors are benefiting from the Set Aside dollars spent by state agencies. John Red Horse stated that DES is one of the biggest spenders and much is through agency and direct contracts. John will pull more data to show which agencies are buying more from Set Aside vendors and contracts.

Steven King asked if the number included some of the direct services like rehabilitation services provided to DES. Armando Bernasconi asked if the number included services that are provided that are not on Set Aside contracts. Jordann Carrillo said yes.

Richard Monaco asked what portion of the dollars are employing people with disabilities? The dollars should be related to employing people with disabilities.

John Red Horse stated that anything spent with Set Aside vendors is included in the spend total, even if it is not under contract with Set Aside vendors.

It was stated that there seems to be a disconnection between the intent of the bill and how it's reported.

More information is needed on how to determine the 1%.

IV. Approval of Minutes: October 10, 2007

MOTION: Richard Monaco made a motion to approve the minutes for the October 10, 2007 Set Aside meeting.

SECOND: It was seconded by Jordann Carillo.

MOTION CARRIED.

V. CONTRACT ITEMS (Possible Action):

1. Quality Connections (QC), OEM Toner Cartridges.

Blake Boardman presented the contract proposal to the committee. Key points were:

- a. Concern about quality of product: Cartridges are original equipment by manufacturer or their assignee.
- b. QC wants to include a \$5.00 shipping charge per order.
- c. QC is in the process of using a local provider to redesign their web page to allow buyers to use a coupon code to trigger state Set Aside pricing and give an order history.
- d. QC staff will increase and provide more jobs to the disabled as a result of the contract.
- e. Pricing was determined using the Vision contract pricing. QC is not required to charge sales tax. There would be tiered pricing based on quantity purchased.
- f. QC wants the contract to be mandatory for state agencies.
- g. Proposed effective date would be March 1.
- h. QC has a good performance record on their contract for remanufactured cartridges. Both NAU and DES IT visited their facility and were very happy with their findings.
- i. QC's marketing plan is to convert OEM cartridge users to remanufactured cartridge users.

DISCUSSION:

Jordann Carillo asked if the contract would also include fax cartridges. She stated she needed more time to determine usage and whether the contract would be a cost savings for them.

Stacy Ingalls, contract officer for OEM cartridges, asked if contract would cover a full line of products or just specific products. Mr. Broadman stated that they would charge 25% below retail for any new items that were not on the product list. Stacy Ingalls also asked about a minimum order and Mr. Broadman stated there would be no minimum order. She also stated that agencies have no way of budgeting for shipping charges and this would cause problems.

Jordann Carillo stated that DES has about 1300 printers that are merging into multi-function machines, which will reduce printer cartridge usage. Within 5 years, 40% of printers will be color multi-function units.

Stacy Ingalls questioned whether color print cartridges would be included on the contract. Mr. Broadman stated they are on the OEM contract but not the remanufactured.

John Red Horse stated that the success in transferring OEM users to remanufactured users would drop usage for OEM. Mr. Broadman stated that QC has more control over the remanufactured cartridges profit and that would offset any loss of revenue on the OEM side.

Stephen King asked how the contract would affect STARS. STARS supports QC and provides them cartridges to remanufacture.

Jordann Carillo stated that she was not ready to vote on the contract yet due to the mandatory usage and the pricing. More time was needed to prepare a usage report by agency listing PO's and amount of PO's. The information could be available by the third week in February. The current contract would be extended.

MOTION: Steven King made a motion to table the vote on the contract until more information could be gathered with a possible email vote.

SECOND: Richard Monaco

MOTION CARRIED.

VI. FUTURE AGENDA ITEMS:

1. New Contract – ACI, Single / Double Wall File Boxes
ACI has developed file boxes that have been approved by State Archives. Their boxes are sturdier than ones from Office Max and have exceeded Office Max's performance. ACI's price is overall less except when Office Max runs a special on the item. The boxes are 15 x 10. DES has used ACI's boxes for a year and saved \$10,000.
2. Updated Products – EPS060133 Furniture, ACI
ACI's furniture contract was not renewed in the last contract award by the state because they don't represent enough furniture dealers. They want to extend the contract for the James Edwards product line and add 2 additional lines: AIS and Dauphin. ACI would offer AIS furniture at 65% of retail price instead of 70% of retail price by other vendors; and installation charges would be 25% of what other vendors are charging. ACI lost their chair contract because it was brought into the office furniture contract. ACI will be out of the chair business unless they can add Dauphin chairs. ACI would like to mirror the state contract.
3. Updated Pricing – AD050014 Engraved Products, ACI
ACI is requesting an 8.9% price increase for engraved products.
4. Updated Pricing – AD050012 Acrylic Signs and Vinyl Lettering, ACI
Road and regulatory signs expires on March 31, 2008. ACI wants to change the quantity pricing breaks as follows:

Quantity	Current	Change to:
2-4	45%	30%
5-24	62%	40%
55-99	75%	55%
100+	85%	50%

ACI wants to bring the vinyl products into the regulatory sign contract because of low usage effective April 1, 2008.

John Red Horse will finalize the information provided by Bill Branson and send it to the committee for consideration and possible action.

VII. COMMITTEE COMMENTS AND SUGGESTIONS:

1. Steven King stated the committee should discuss goals for the committee, carve outs, and marketing at the next meeting.
2. Richard Monaco expressed his appreciation for DES and their spend with Set Aside agencies. He reiterated that the committee needs clarification on how the 1% is determined.
3. Amando Bernasconi asked about the availability of the statutes. John Red Horse explained that they were available online and the books provided to Set Aside members in the past would be prepared for the new committee members.

VIII. CALL TO THE PUBLIC

There were no items from the public.

IX. ADJOURNMENT:

MOTION: Steven King made a motion to adjourn the meeting.

SECOND: Richard Monaco

MOTION CARRIED: Meeting was adjourned at 2:17 p.m.

NEXT MEETING:

Wednesday, April 9 at 1:30 p.m. To have items included on the next regular agenda, contact John Red Horse at (602) 542-9127.

POSTED: April 10, 2008



Jean A. Clark, CPPO, C.P.M., CPPB, CPM
State Procurement Administrator

Submitted by Jan Hart
Executive Assistant, State Procurement Office

APPROVED BY THE COMMITTEE



Jean A. Clark, CPPO, C.P.M., CPPB, CPM
State Procurement Administrator

April 9, 2008
Date